

Idaho Public Utilities Commission

Case No. PAC-E-13-04, Order No. 32910

October 25, 2013

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Rates increase slightly under PacifiCorp settlement

The Idaho Public Utilities Commission has approved a negotiated settlement that increases rates for customers of PacifiCorp (Rocky Mountain Power in eastern Idaho) by 0.77 percent effective Jan. 1, 2014. The agreement also provides for no further increases in base rates until Jan. 1, 2016, at the earliest.

For a residential customer who uses the company average of 830 kilowatt-hours per month, the increase is less than \$1 per month, according to the company's calculations.

"The commission believes that the value of a small, less than 1 percent uniform increase for all rate classes over a two-year period and the company's agreement to not file another general rate case until May 31, 2015, provides significant value for customers," the commission said. "In particular, it ensures multi-year rate stability and is in the public interest."

A commission staff review of the company's application, which included an expansive audit of the Company's Results of Operations, revealed that the company was prepared to file a rate case with a requested revenue requirement of greater than \$15 million. The settlement allows an additional revenue requirement of \$2 million, which is the remaining expense for the Populus to Terminal transmission line already approved by the commission in a previous rate case.

The settlement further allows PacifiCorp to defer up to \$5.43 million in expense associated with the new Lake Side II natural gas power plant south of Salt Lake City. The plant begins serving customers next summer and collection of costs related to the plant will be collected through the annual Energy Cost Adjustment Mechanism (ECAM) beginning in 2015 and then included in base rates after the next rate case. The ECAM, which can be an increase or decrease depending on other factors, is adjusted every April 1.

The settlement also:

- Allows PacifiCorp to defer any net increase or decrease in depreciation expense allocated to Idaho until after the next rate case. A settlement to that case is currently before the commission (Case No. PAC-E-13-02).

- Creates a regulatory asset for future recovery from customers of the expense allocated to Idaho for removal costs related to the retirement of the 172-megawatt Carbon coal plant near Helper, Utah.
- Accepts a new electric service agreement between PacifiCorp and its largest customer, the Monsanto phosphate plant near Soda Springs, which begins Jan. 1, 2014, with an initial term through Dec. 31, 2015. The agreement includes a new section that allows for an annual true-up of the credit Monsanto is allowed for agreeing to have its service interrupted to provide additional electrical load to PacifiCorp. There are still issues regarding the value of that interruption to PacifiCorp that the parties will continue to negotiate. The commission commended the parties on their efforts to reach agreement, but reserved approval on the merits of the agreement until it is presented under a separate docket.

A full text of the commission's order and other documents related to this case is available on the commission's Web site at www.puc.idaho.gov. Click on "Open Cases" under the "Electric" heading and scroll down to Case No. PAC-E-13-04.

Interested parties may petition the commission for reconsideration by no later than Nov. 14. Petitions for reconsideration must set forth specifically why the petitioner contends that the order is unreasonable, unlawful or erroneous. Petitions should include a statement of the nature and quantity of evidence the petitioner will offer if reconsideration is granted.

Petitions can be delivered to the commission at 472 W. Washington St. in Boise, mailed to P.O. Box 83720, Boise, ID, 83720-0074, or faxed to 208-334-3762.

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